

**Statement of Ambassador Charlene Barshefsky**

**Basic Telecom Negotiations**

**February 15, 1997**

I am pleased to announce today the successful conclusion of one of the most important trade agreements for the 21st century. Three years ago, in Buenos Aires, Vice President Gore called on the nations of the world to join in building the Global Information Infrastructure. One year ago, Congress delivered a clear and compelling blueprint in the 1996 Telecommunication Act. And now, under President Clinton's leadership, the U.S. has effectively exported American values of free competition, fair rules and effective enforcement to global telecom services providers.

This agreement represents a change of profound importance. A 60-year tradition of telecommunications monopolies and closed markets has been replaced by market opening, deregulation and competition -- the principles championed here and embodied in the 1996 Telecommunications Act.

The agreement reached today covers over 95% of world telecom revenue and was negotiated among 70 countries -- both developed and developing. It ensures that U.S. companies can compete against and invest in all existing carriers. Before this agreement, only 17 percent of the top 20 telecom markets were open to U.S. companies; now they have access to nearly 100 percent of these markets.

The range of services and technologies covered by this agreement is breath-taking. From submarine cables to satellites, from wide-band networks to cellular phones, from business intranets to fixed wireless for rural and underserved regions, the market access opportunities cover the entire spectrum of innovative communications technologies pioneered by American industry and workers

The agreement has three parts: market access, investment and procompetitive regulatory principles. With respect to market access, the agreement provides U.S. companies market access for local, long-distance and international service through any means of network technology, either on a facilities basis or through resale of existing network capacity. On investment, the agreement also ensures that U.S. companies can acquire, establish or hold a significant stake in telecom companies around the world. Finally, 65 countries adopted procompetitive regulatory principles based upon the landmark 1996 Telecommunications Act. This agreement is fully enforceable.

Today, telecommunications is a \$600 billion industry; under this agreement it will double or even triple over the next ten years. U.S. companies are the most competitive telecommunications providers in the world; they are in the best position to compete and win under this agreement. We expect the agreement will lead to the creation of approximately a million U.S. jobs in the next ten years -- not only in communications companies but also in high-tech equipment makers and in a range of industries such as software, information services, and electronic publishing that benefit from telecom development.

This agreement will also save billions of dollars for American consumers. We estimate that the average cost of international phone calls will drop by 80% -- from \$1 per minute on average to 20 cents per minute over the next several years. Every American with relatives or friends overseas and every business that operates internationally will benefit from this agreement.

This agreement will build the Global Information Highway. It is the perfect complement to the global Information Technology Agreement (ITA) that we successfully concluded two months ago. U.S. makers of telecommunications equipment, are among the world's leaders. They will profit by meeting the new demand stimulated by the deregulatory, procompetitive terms of this agreement. Our information technology industry is poised to lead the growth of the American economy in much the same way the automotive industry spurred tremendous growth 40 years ago.

I will now outline more fully the elements of the market access, investment and regulatory commitments in the agreement.

### **Scope of Market Access Commitments**

Our international long distance industry will gain access to serve over 53 markets in Europe, Asia, Latin American and Africa, gaining the right to use their own facilities and to work directly with their customers everywhere their customers go -- providing seamless end-to-end services, not handing calls off to monopoly providers elsewhere. From the European Community to Korea, from Japan to El Salvador, Mexico and Canada, countries have made

these commitments. And the range of services that can be provided internationally includes all voice and data services, provided by fixed or by mobile service networks or both.

The countries providing market access for telecommunications services account for 99 percent of all revenues from telecom services worldwide. The world's businesses today spend more money on telecommunications than on oil. Less expensive and better telecom services means that the United States and other nations that are active in global trade will reduce one of their largest costs of doing business

An even larger number of markets will be opened to competition for domestic local and long distance services. For example, U.S. communications companies operating in Europe will be able to bypass former monopolies and build networks directly to and among customers in all member states of the European Union. U.S. firms will market any and all communications services in developing countries such as India, Indonesia, Malaysia, South Africa and elsewhere. They will have a fair chance to build communications networks that are the key to worldwide economic development. Mexico, for example, has guaranteed the market access rights of the U.S.-invested firms that are operating there to provide fixed wireless, mobile wireless and wireline local and long distance services.

This agreement also provides market access and effective interconnection rights for the resale of telecom services. Almost every offer made in these negotiations to provide market access for facilities-based competition also included the opportunity to resell service and to interconnect with existing networks at reasonable rates, terms and conditions.

## **Investment and regulatory commitments**

The agreement also offers important opportunities for American investors and entrepreneurs who will be able to acquire, establish or hold a significant stake in telecom companies around world. These opportunities span all sectors. American companies will now be free to offer cellular telephone service in Mexico, satellite-delivered internet access in Japan, intra-Europe and domestic long distance in Germany, hand-held satellite telephony in Korea, international business networks in Singapore, and video-conferencing in the United Kingdom. In all these technologies, our companies are the world leaders, and in all these technologies our companies will be free to compete.

Our firms will gain not only the opportunity to compete but they will also benefit for the first time from fair rules and effective enforcement. Sixty-five countries representing 93% of the world market have bound themselves to enforceable regulatory principles based upon the framework for competition that our Congress enacted in the landmark Telecommunications Act of 1996. Sixty of these countries have agreed to a specific set of regulatory principles that even we did not have one year ago. The global adoption of these pro-competition principles, embodied in a binding Reference Paper, is an extraordinary testimony to the compelling nature of Congress' vision in this area. The Reference Paper commits foreign countries to establish independent regulatory bodies, guarantees that our companies will be able to interconnect with networks in foreign countries at fair prices, forbids anti-competitive practices such as cross-subsidization, and mandates transparency of government regulations and licensing. We will be able to enforce all of these rights, as well as the market access and investment commitments, at

the WTO and through our own legislation. The agreement takes effect on January 1, 1998.

Countries remain free to further improve their offers and we will work to that end.

## **Conclusion**

We have always said that trade is not a zero sum game. Through the right kind of trade agreements, we can create jobs and prosperity at home while other nations also prosper and develop. Nothing could be more illustrative than this agreement. We sometimes forget that more half the world's population has never made a telephone call. This agreement will spur prosperity and opportunity around the world and it will benefit U.S. companies, workers and consumers.

# **WORLD TRADE ORGANIZATION (WTO) BASIC TELECOMMUNICATIONS SERVICES AGREEMENT**

## **FOREIGN INVESTMENT**

Commitments for implementation by 1/1/98 unless otherwise specified

**56 countries permit foreign ownership or control of all telecommunications services and facilities (covering 97% of WTO member countries' total basic telecom services revenues)**

Antigua and Barbuda (after 2004)	Argentina (2000)	Australia*
Austria	Bangladesh (after 2004)	Belgium*
Bolivia (2001)	Brazil**	Brunei (after 2004)
Bulgaria (2004)	Canada**	Chile (except local service),
Colombia	Cote D'Ivoire (after 2004)	Czech Republic (2001)
Denmark	Dominican Republic	Ecuador**
El Salvador	Finland	France*
Germany	Ghana**	Greece (2003)
Grenada (after 2004)	Guatemala	Hong Kong**
Hungary (2002)	Iceland	Ireland (2000)
Israel**	Italy*	Jamaica (after 2004)
Japan*	Korea**	Luxembourg,
Mauritius (2004)	Mexico**	Netherlands
New Zealand*	Norway	Papua New Guinea (2002)
Pakistan (2004)	Peru (1999)	Poland**
Romania (2003)	Singapore (2000)	Slovak Republic (2003)
Spain*	Sweden	Switzerland
Trinidad and Tobago	Tunisia**	United Kingdom
United States	Venezuela (2000).	

\* These countries have limits only for certain incumbents, but nonetheless allow substantial foreign investment in them.

\*\* For selected services only.

**WORLD TRADE ORGANIZATION (WTO)**  
**BASIC TELECOMMUNICATIONS SERVICES AGREEMENT**

**REGULATORY PRINCIPLES**

**65 countries guarantee pro-competitive regulatory principles (covering 94% WTO member countries' total basic telecom services revenues):**

Antigua and Barbuda	Bangladesh*	Bolivia**
Brazil*	Argentina	Australia
Austria	Belgium	Brunei
Bulgaria	Canada	Chile
Colombia	Cote d'Ivoire	Czech Republic
Denmark	Dominican Republic	El Salvador
Finland	France	Ghana
Germany	Greece	Grenada
Guatemala	Hong Kong	Hungary
Iceland	India**	Indonesia
Ireland	Israel	Italy
Jamaica	Japan	Korea
Luxembourg	Malaysia**	Mauritius*
Mexico	Morocco*	Netherlands
New Zealand	Norway	Papua New Guinea
Pakistan**	Peru	Philippines**
Poland	Portugal	Romania
Senegal	Singapore	Slovak Republic
South Africa	Spain	Sri Lanka
Sweden	Switzerland	Thailand
Trinidad and Tobago	Turkey*	United Kingdom
United States	Venezuela*	

\* in the future

\*\* partial adoption



**WORLD TRADE ORGANIZATION (WTO)**  
**BASIC TELECOMMUNICATIONS SERVICES AGREEMENT**

**INTERNATIONAL SERVICES AND FACILITIES**

Commitments for implementation by 1/1/98 unless otherwise specified

**53 countries guarantee market access to international telecommunication services and facilities (covering 99% of WTO member countries' total basic telecom services revenues)**

Antigua and Barbuda (2012)	Argentina (2000)	Australia
Austria	Belgium, Bolivia (2001)	Brunei (2010)
Bulgaria (2005)	Canada	Chile
Czech Republic (2001)	Denmark	Dominican Republic
El Salvador	Finland	France
Germany	Greece (2003)	Grenada (2006)
Guatemala	Hungary (2004)	Iceland
Indonesia (2005)	Ireland (2000)	Italy
Jamaica (2013)	Japan	Korea
Luxembourg	Malaysia	Mauritius (2004)
Mexico	Netherlands	New Zealand
Norway	Papua New Guinea	Peru (1999)
Philippines	Poland (2003)	Portugal (2000)
Romania (2003)	Senegal (2006)	Singapore (2000)
Slovak Republic (2003)	Spain (12/1/98)	Sweden
Switzerland	Thailand (2006)	Trinidad and Tobago
Turkey (2006)	United Kingdom	United States
Venezuela (2000).		

**6 countries are open for selected services**

Brazil  
Cote d'Ivoire  
Hong Kong  
Israel  
Pakistan  
Ghana

**WORLD TRADE ORGANIZATION (WTO)**  
**BASIC TELECOMMUNICATIONS SERVICES AGREEMENT**

**SATELLITE SERVICES AND FACILITIES**

Commitments for implementation by 1/1/98 unless otherwise specified

**( covering 80% of WTO member countries' total satellite services revenues)**

**42 countries guarantee market access for services and facilities (domestic and international)**

Argentina (2000)	Australia	Austria
Belgium	Bolivia (2001)	Brunei (2010)
Bulgaria (2004)	Canada (2000)	Chile
Colombia	Czech Republic (2001)	Denmark
Dominican Republic	El Salvador	Finland
France	Germany	Greece (2003)
Grenada (2006)	Guatemala	Hungary (2003)
Iceland	Indonesia (2005)	Ireland (2000)
Israel	Italy	Jamaica (2004 or after)
Japan	Korea	Luxembourg
Malaysia	Mexico (2002)	Netherlands
New Zealand	Norway	Peru (1999)
Poland (2003)	Portugal (2000)	Romania (2003)
Singapore (2000)	Slovak Republic (2003)	Senegal (2004 or after)
Spain (12/1/98)	Sri Lanka	Sweden
Switzerland	Thailand (2006)	Trinidad and Tobago
Turkey (2004 or after)	United Kingdom	United States
Venezuela.		

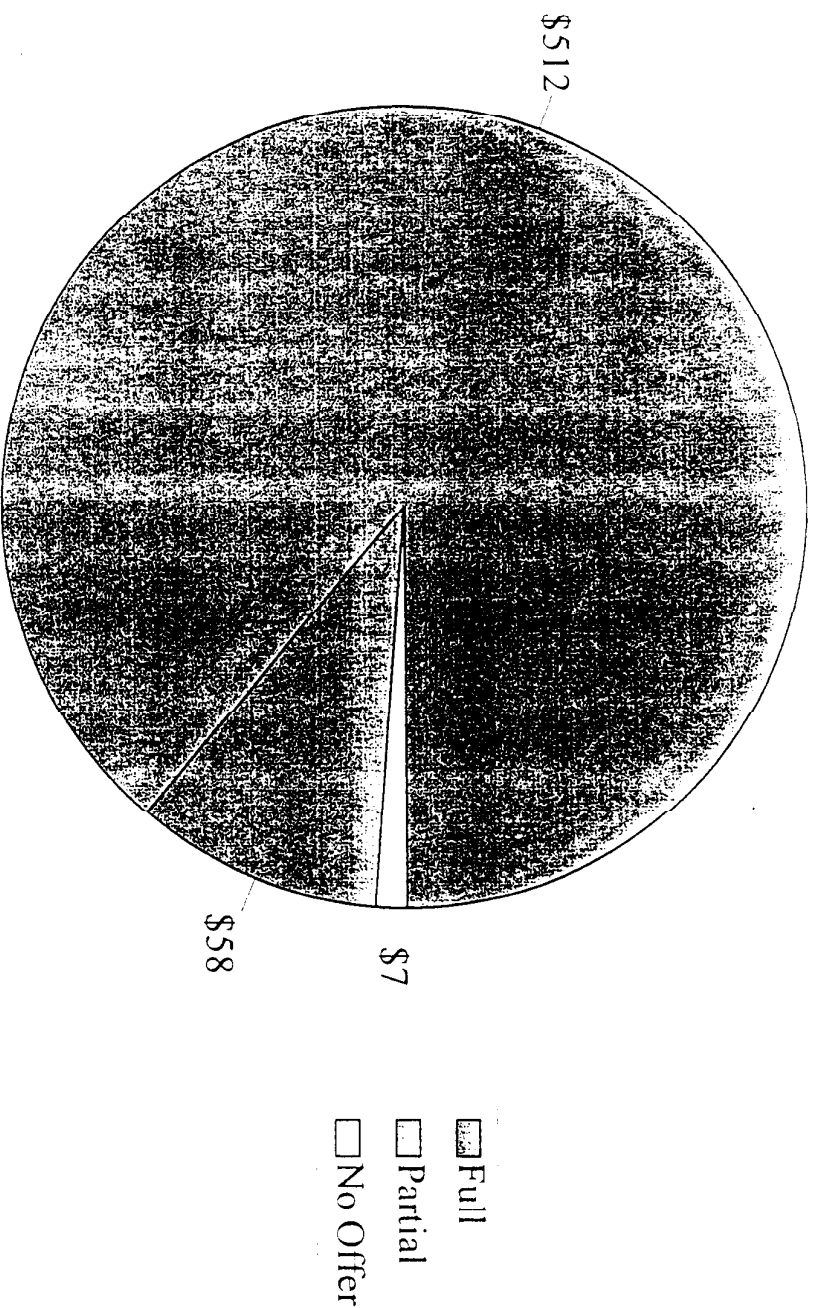
**6 countries guarantee market access for selected services and facilities**

Brazil  
Cote D'Ivoire  
Ghana  
Hong Kong  
Mauritius  
South Africa.

# COUNTRIES MAKING MARKET ACCESS OFFERS REPRESENT 99% OF THE MARKET\*

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Telecom Revenues, 1995  
*USD, Billions*



\* Market defined as WTO country markets

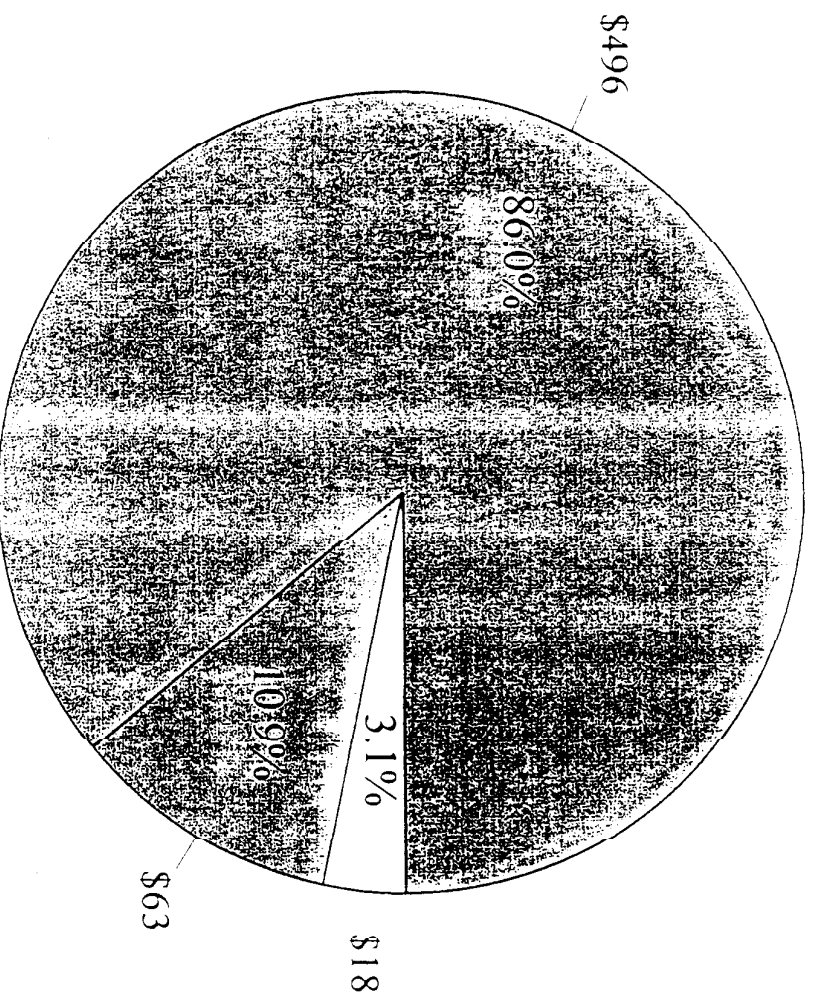
\*\* 1994 data used when 1995 data unavailable

Source: ITU data

2/15/97 10:54 am

# COUNTRIES PERMITTING FOREIGN INVESTMENT REPRESENT 97% OF THE MARKET\*

Telecom Revenues, 1995  
*USD, Billions*

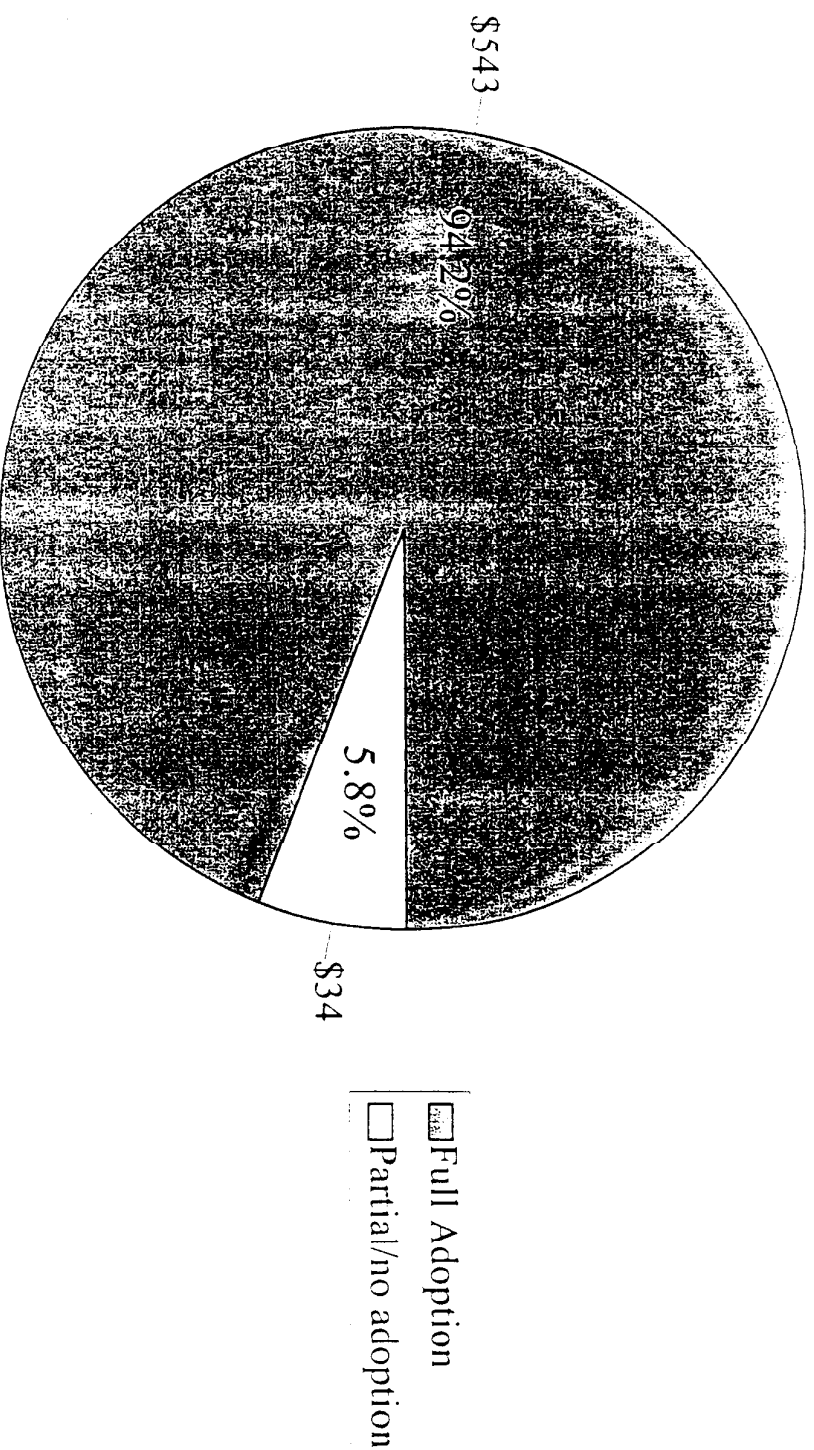


- ☒ Full control, all svcs
- ☐ Significant Investment
- ☐ No Commitment

\* Market defined as WTO country markets  
\*\* 1994 data used when 1995 data unavailable  
Source: ITU data

# COUNTRIES ADOPTING THE REGULATORY PRINCIPLES REPRESENT 94% OF THE MARKET\*

Telecom Revenues, 1995  
*USD, Billions*



\* Market defined as WTO country markets

\*\* 1994 data used when 1995 data unavailable

Source: ITU data

2/15/97 11:15 am

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

February 15, 1997

STATEMENT BY THE PRESIDENT

WTO Telecommunications Service Agreement

I am pleased to announce that American-led negotiations in Geneva have resulted today in a landmark agreement that will liberalize world trade in telecommunications services. Telecommunications services trade -- including telephone, data, satellite, and cellular services -- is already a \$600 billion industry. It is expected to grow to more than \$1 trillion over the next 10 years. U.S. telecommunications firms are the most competitive in the world. This agreement will open markets in nations that account for over 90 percent of the world's telecommunications trade and allow U.S. companies to compete on an equal basis. Today's agreement will bring clear benefits to American workers, businesses, and consumers alike -- new jobs, new markets, and lower prices -- and will spread the benefits of a technology revolution to citizens around the world.

Just two months ago the United States led efforts to complete the Information Technology Agreement, which zeroes out tariffs on a broad range of information technology goods, such as computers, telephone equipment and semiconductors. Today's agreement opens markets for the services for which many of those information technology products are used -- basic telecommunications. These are critical steps toward realization of the American vision of a global information infrastructure.

I want to thank the Vice President for his important role in launching these negotiations nearly three years ago. I also want to congratulate America's Trade Representative-designate, Ambassador Charlene Barshefsky, for her skilled and determined efforts. This important agreement advances our interests and opens new opportunities for growth, prosperity and progress. I also want to thank FCC Chairman Reed Hundt and Deputy US Trade Representative Jeff Lang who helped bring these negotiations to their successful conclusion.

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# **FEDERAL COMMUNICATIONS COMMISSION**

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FOR IMMEDIATE RELEASE  
FEBRUARY 15, 1997

Press Office 202/418-0500

## **STATEMENT OF FCC CHAIRMAN REED HUNDT CONCERNING WTO AGREEMENT ON TELECOM SERVICES**

Today's agreement in the World Trade Organization will build the Global Information Highway. It will bring the benefits of the information age to developing and developed nations. And it will directly boost economic growth and job creation in the United States.

I congratulate President Clinton, Vice President Gore, our terrific USTR-designate Ambassador Charlene Barshefsky, and Deputy USTR Ambassador Jeff Lang for their indefatigable, visionary and tough minded negotiating. They have brought the world into agreement with the principles of open markets, fair rules, objective decisionmaking and reasonable interconnection prices.

By this agreement, the Telecommunications Act enacted a year ago by Congress has become the world's gold standard for pro-competitive deregulation. Sixty-five countries have bound themselves to the Reference Paper embodying the Congressional vision of free competition, fair rules, and effective enforcement.

In Buenos Aires three years ago, at the first International Telecommunications Union development conference, Vice President Gore challenged the nations of the world to build a network around the globe linking all human knowledge and creating global opportunities. One year ago, Congress delivered a clear and compelling blueprint for the competition that will build this network. Today, the nations of the world endorsed that blueprint.

This agreement is great news for American consumers. Today, international calls cost almost a dollar a minute; the process advanced by this agreement will, over time, reduce that price by 80%. For American companies, the agreement is also great news. They will be the master builders of that Global Information Highway.

It was a pleasure for the FCC to provide technical expertise to USTR in this important process. I want to extend my deepest thanks to the talented and hard working FCC staff and to my colleagues on the Commission who devoted themselves to this effort.

-FCC-